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An Analysis of Balochistan Budget 2025-26

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	Abstract
<p>Pairman Bazai Research Officer at Balochistan Think Tank Network (BTTN), Quetta. MS Scholar at Balochistan University of Information Technology, Engineering, and Management Sciences (BUITEMS), Quetta. Email: pairmanbazai4@gmail.com</p> <p>Asif Saad MS Scholar in Marketing and Management at the University of Parthenope, Italy, and completing a double degree in Management and Commerce at the University of Bordeaux IAE in France. Email: asifsaad3077@outlook.com</p>	<p>This study examines the Balochistan Budget 2025–26 to evaluate its fiscal structure, revenue patterns, and development priorities within the broader national context. The province remains structurally dependent on federal transfers (78% of total receipts), while provincial revenue generation remains limited and inconsistent, despite a reported surplus of 51.83 billion PKR. The analysis highlights the persistent gaps between budgeted and actual federal transfers, resulting in recurring reductions in development spending. Severe governance deficits (including corruption, weak financial oversight, ghost employees, and misallocated development funds) further undermine fiscal stability and service delivery (particularly in education, healthcare, and local infrastructure). These issues are further exacerbated by the structural constraints such as harsh geography, sparse population, inadequate tax administration, and security challenges. The study concludes that sustainable progress requires comprehensive reforms, including improved governance mechanisms, strengthened tax administration, targeted skill development, sectoral diversification, and enhanced accountability to ensure equitable and effective utilization of public resources.</p>
Keywords:	Balochistan Budget 2025-26, Fiscal Policy, Federal Transfers, Governance Reform, Development Expenditure



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Introduction

Balochistan in 2025 is a vast, sparsely populated province with severe water scarcity and high poverty, but also with significant resource wealth and new infrastructure (especially around CPEC and Gwadar) that, if paired with inclusive governance and better basic services, could shift its development path over the next decade. It is located in the southwest of Pakistan. It is the largest province by area, around 347,190 km² or 44 percent of the national territory. But it is the smallest in population, with roughly 15 million residents counted in the first-ever digital Population and Housing Census in 2023 (Statistics, 2023). The province has an arid climate, low and highly variable rainfall, and virtually no large perennial rivers. Rugged plateaus, deserts, and mountain ranges largely dominate the region. Due to its geographical features, the province faces chronic water scarcity and relies heavily on overexploited groundwater and traditional Karez Systems. Apart from that, the province is rich in natural resources, including natural gas, coal, and copper-gold (Balochistan, 2025).

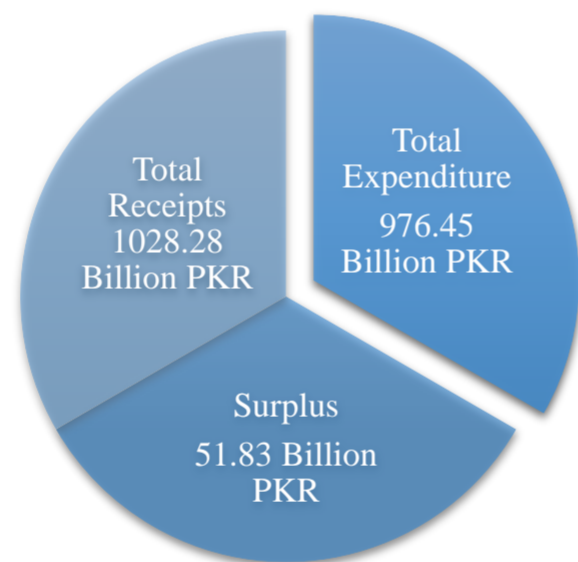
Despite significant natural resources and the strategic deep-sea port of Gwadar under the China-Pakistan Economic Corridor (CPEC), Balochistan contributes only a small share to Pakistan's GDP and consistently ranks as the province with the highest multidimensional poverty and some of the weakest human development indicators (Human & Development Initiative (OPHI) and UNDP, 2025). These structural constraints also shape contemporary debates about how to harness large-scale projects such as CPEC and the Reko Diq mine for more inclusive and sustainable development in the province (Pakistan, 2025).

Furthermore, Balochistan's economic development is constrained by long distances (with Quetta as the only major metropolitan center), poor infrastructure, tribal land ownership, and a long-running insurgency, which further complicates service delivery, market access, and governance. It discourages industrial growth, leaving the province fiscally dependent on federally transferred revenues. The province only rarely achieves a surplus budget through increased NFC awards funded by federal borrowing, and it is the second time that Government of Balochistan is presenting another surplus budget.

An Overview of the Overall Balochistan Budget FY2025-26 Outlay

The Government of Balochistan presented its provincial budget for the fiscal year 2025-26, with a total outlay of PKR. 1028.28 billion. In which the total expenditure is estimated at 976.45 billion PKR, resulting in a surplus of around 51.83 billion PKR (GoB, 2025)

The budget was announced in the Balochistan Assembly by Finance Minister Mir Shoaib Noshewani, presiding over the session under the chairmanship of Speaker Abdul Khaliq Achakzai.



Sources of Budget Revenue

Balochistan's budget comes from a few major sources, such as federal transfers, provincial own receipts (tax revenue and non-tax revenue), and development financing (federally funded schemes, PSDP for Balochistan, and foreign-funded projects routed through federal and/or provincial governments). The revenue sources for the budget 2025-26, that is, Rs. 1,028.28 billion, are coming from the sources mentioned in the table below (See Table 1). The primary source of revenue is again federal receipts (PKR 801.67 billion, 78% of total Revenue), which include Balochistan's share from the NFC Award, direct transfers (such as gas/oil royalties), and federal grants. The province's own receipts amount to PKR 124.88 billion, constituting 12.1% of total revenue, indicating weak internal revenue generation. The foreign project assistance shares 3.7% in the budget which supports development but, often comes with conditions and debt. The non-regular receipts, capital receipts, make 6.4% of the total revenue, helping the finance development and covering the budget gaps, but it also adds to liabilities. While, State Trading (Account II) is minor contributor and Cash Carried Forward (the **unspent cash balance** from the previous year, FY 2024-25, brought into the new budget) is of 2.5% in this budget.

Table 1. Revenue Sources

Source	Amount (PKR Billion)	% of Total Receipts
Federal Receipts	801.67	78%
Provincial Own Receipts	124.88	12.1%
Foreign Project Assistance (FPA)	37.79	3.7%
Capital Receipts	66.01	6.4%
State Trading (Account II)	4.21	0.41%
Cash Carried Forward	26.00	2.5%



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Total Receipts	1,028.28	100%
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Source: Budget White Paper 2025-26

Total Revenue Expenditure

The expenditure of Balochistan's Budget is largely consumed by the non-development (Current Expenditures such as salaries, pensions, administration and security and Current Capital Expenditure) which makes PKR 639.88 billion. While, the remaining 336.58 billion is spent on the development projects (Provincial PSDP such as roads, schools, hospitals, water schemes etc., Foreign Project Assistance, and Development Grants).

Table 2. Total Revenue Expenditure

Sr. No.	Provincial Consolidated Fund	B.E. 2025-26 (PKR billion)
1	CURRENT EXPENDITURE/ NON-DEVELOPMENT EXPENDITURE	639.88
	Current Revenue Expenditure	614.16
	Current Capital Expenditure	25.72
2	DEVELOPMENT EXPENDITURE	336.58
	Provincial PSDP	249.45
	Foreign Project Assistance	73.29
	Development Grants (Federal Projects)	56.98
3	Total Consolidated Fund Payments	976.45

Source: Budget White Paper 2025-26

A further breakdown of the current non-development expenditure and development expenditure in the 2025-26 budget of Balochistan makes the picture clearer (See Table 3).

Table 3: Breakdown of Current Non-Development Expenditure and Development – FY 2025-26

Source: Budget White Paper 2025-26

Sectoral Allocation	B.E. 2025-26 (PKR million)
Current Non-Development Expenditure	
General Public Service	177,671.57
Public Order and Safety Affairs	113,500.28
Economic Affairs	69,195.35
Environment Protection	862.09
Housing and Community Amenities	54,304.28
Health	59,732.69
Recreation, Culture and Religion	8,282.65
Education Affairs and Services	137,547.03
Social Protection	18,780.182
Total Current Expenditure	639,876.129
Development Expenditure	
Provincial PSDP	249,450.29
Foreign Project Assistance (FPA)	30,148.87
Development Grants (Federal Funded Projects)	56,976.89
Total Development Budget	336,576.05

Comparative Analysis of the Budgets: FY 2023-24, 2024-25, 2025-26

As the Balochistan budget is increasing for apparent reasons, it needs to be compared to estimate its effectiveness. This analysis includes the major components of the budget, such as the overall budget position of receipts and expenditure, composition of receipts, provincial own receipts, current expenditure vs development expenditure, and allocation of funds to social sectors.

Overall Budget Position (Receipts vs Expenditure)

The last three budget documents depict a shift to a growing surplus from a sizeable deficit, but raise questions regarding its sustainability. The Balochistan budget 2023-24 has a deficit of around PKR 49.1 billion (7% of the total budget receipts), while the successive two budgets flip to a surplus of PKR 25.4 billion (2.7% of total Budget receipts) and Rs 51.8 billion (5% of total Budget receipts), respectively. The FY2025-26 budget's surplus is double of the FY2024-25. The improvement is happening only in the expansion of budgets as the total receipts jumped from PKR 701.4 billion to PKR 955.6 billion and then to PKR 1,028.3 billion with the increased expenditure. Therefore, the province moves from merely "financing a gap" to "building a cushion, with that cushion stronger in the second surplus year. But this improvement is not coming due to the decrease in expenditure or the province suddenly becoming austere, but due to the receipts outpacing the spending. So, the surplus narrative is driven by higher resource and revenue receipts rather than by deep structural cuts or efficiency in expenditure. Expenditure never actually declines. Hence, the medium-term strength of this fiscal position still depends heavily on how realistic and sustainable those receipts are, especially given the province's reliance on federal transfers and other potentially volatile sources.



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Table 4. Overall Budget Position: Total Receipts, Total Expenditure and Budget Surplus/Deficit (FY 2023-24 to 2025-26)
Source: Budget White Papers: 2023-24, 2024-25, 2025-26 (Author's Compilation)

Sr. No	Fiscal Year	Total Receipts*	Total Expenditure / Budget Outlay	Surplus / (Deficit)	Surplus / Deficit as % of Receipts	Fiscal stance
1	2023-24 (B.E.)	701.4	750.5	-49.1	-7	Deficit budget
2	2024-25 (B.E.)	955.6	930.2	+25.4	+2.7	Modest surplus budget
3	2025-26 (B.E.)	1,028.3	976.5	+51.8	+5	Larger surplus, first "trillion-rupee" budget

All figures in **PKR billion**, rounded from the white papers' tables (which are in million).

"Total receipts" here is the "**Total Anticipated Available Receipts (A+B+C+D)**" Provincial Consolidated Fund Receipts + Cash Carry Over.

Composition of Receipts

Looking at the receipt generation, across the three budgets from FY 2023-24 to FY 2025-26, the structure of Balochistan's budget receipts remains dominated by federal transfers, whose share in total receipts has increases from about 74% to 78%. The composition of the budget receipts over these years shows that the transition from deficit to surplus rests on a structurally fragile base, and the province has become slightly more dependent on Islamabad. Provincial own receipts are almost flat in absolute terms (PKR 111.9 billion (16% of receipts) in 2023-24, PKR 124.5 billion (13%) in 2024-25 and PKR 124.9 billion (12.1%) in 2025-26) showing a decline from 16% to nearly 12% of total receipts. Undoubtedly, the foreign project assistance, capital receipts, and rising cash carry-overs provide additional but partly non-recurring support. So this implies that the improvement in fiscal balance and the shift from deficit in 2023-24 to surplus in 2024-25 and 2025-26 are not the result of a strong provincial revenue effort, but, a faster growth in federal and other receipts which leaves the fiscal position of the budget fundamentally dependent and somewhat fragile. Therefore, any shock to NFC transfers, grants or other federal flows would directly endanger both the surplus and overall fiscal stability because provincial own revenues are too small to absorb such a hit.

Table 5. Composition of Budget Receipts: Federal Transfers, Provincial Own Receipts, and Other Sources (Receipts by broad source)

Source / Indicator	FY2023-24		FY2024-25		FY2025-26	
	Share in total receipts	Share in total receipts	Share in total receipts	Share in total receipts	Share in total receipts	Share in total receipts
	PKR billion	%	PKR billion	%	PKR billion	%
Total Receipts (A+B+C+D)	701.4	100	955.60	100	1,028.28	100
Federal Receipts	520.82	74.3	726.67	76	801.67	78
Provincial Own Receipts (total)	111.94	16	124.5	~13%	124.88	12.1
Foreign Project Assistance (FPA total)	37.5	5.4	28.86	~3%	37.79	3.7
Capital Receipts(other than FPA & Food)	9.6	1.4	51.67	~5.4%	33.7	3.3
State Trading / Food Dept. Receipts (Account II)	11	1.6	9.71	~1.0%	4.21	0.41
Cash Carried Forward	10.5	1.5	14.2	~1.5%	26	2.5

Source: Budget White Papers: 2023-24, 2024-25, 2025-26 (Author's Compilation)

All figures in **PKR billion**, rounded from the white papers' tables (which are in million).

"Total receipts" here is the "**Total Anticipated Available Receipts**" / "**Total Receipts (A+B+C+D)**" line in the white papers.



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Provincial Own Receipts - Disaggregation into Tax and Non-Tax Revenue

Diving deep into the pattern of provincial own receipts further reveals that over 2023–24 to 2025-26, the headline numbers look stronger than the underlying reality. In 2023-24 and 2024-25, almost half of all own receipts, that is, about 49.1% and 46.6%, respectively, come from a single non-recurring item, the PPL Lease Extension Bonus of PKR 55 billion and PKR 58 billion. The totals of PKR 111.94 billion and PKR 124.49 billion are artificially boosted by gas lease deals rather than by broad-based taxation. Tax effort improves over the three years, with tax receipts rising from PKR 37.57 billion to PKR 47.69 billion and then to PKR 55.84 billion. While the tax share of own receipts is climbing from 33.6% to 38.3% and 44.7%, even by 2025-26, tax still accounts for less than half of own receipts, so non-tax and special deals remain dominant in the provincial revenue story.

The structure of non-tax revenue also shifts: in 2023-24 and 2024-25 it is basically “normal” non-tax (fees, royalties, etc.) plus a huge lease bonus, whereas in 2025-26 the white paper reports a larger aggregate non-tax figure (PKR 69.03 billion) that exceeds tax and appears less dominated by a single lump, suggesting some broadening of the non-tax base even if lease elements may still be present. At the same time, the overall envelope of own receipts almost stalls: it rises from PKR 111.94 billion to PKR 124.49 billion between 2023-24 and 2024-25 but then barely moves to PKR 124.87 billion in 2025-26, meaning that while the internal composition shifts towards more tax and more “normal” non-tax, provincial own receipts actually shrink as a share of total receipts (from 16.0% to 13.0% to 12.1%). This explains why, in the surplus years, the provincial contribution looks relatively weaker: own receipts are first propped up by lease bonuses and then stop growing, while federal and other receipts continue to expand. The transition from deficit to surplus budgets is not anchored in a sustainably stronger provincial tax base; rather, provincial own receipts are dominated first by gas lease bonuses and then stagnate in level, while their share in the overall receipts envelope declines.

Table 6. Provincial Own Receipts: Tax vs Non-Tax

Fiscal Year	Provincial Tax Receipts (PKR billion)	Provincial Non-Tax Receipts (excl. lease bonus/PPL lease) (PKR billion)	PPL Lease Extension Bonus (Non-Tax, one-off) (PKR billion)	Total Provincial Own Receipts (PKR billion)	Tax share of own receipts (%)	Non-tax share of own receipts (excl. PPL Lease)(%)	Share of PPL lease (%)
2023-24 (B.E)	37.57	19.37	55	111.94	33.6%	17.3	49.1
2024-25 (B.E)	47.69	18.80	58	124.5	38.3%	15.1	46.6
2025-26 (B.E)	55.84	69.03	Not shown separately in the 2025-26 budget white paper	124.88	44.7	55.3	-

Source: Budget White Papers: 2023-24, 2024-25, 2025-26 (Author’s Compilation)

All figures in PKR billion, rounded from the white papers’ tables

Structure of Expenditure: Current Expenditure versus Development Expenditure

The evolution of current versus development expenditure across the three budgets shows that Balochistan’s shift to surplus is happening alongside an apparent structural tilt towards recurrent spending rather than a deepening of development effort. The total outlay rises steadily from Rs 750.5 billion to Rs 930.2 billion and then to Rs 976.5 billion, indicating the province is running **bigger budgets**, not tightening its belt. Within this, development spending does increase in rupee terms (from Rs 313.3 billion to Rs 321.1 billion and then to Rs 336.6 billion) but its share of the total budget drops sharply, from about **41.8% in 2023-24 to 34.5% in 2024-25**, and then **stays flat at 34.5%** in 2025-26. Current (non-development) expenditure, by contrast, jumps from **Rs 437.1 billion to 609.1 billion and 639.9 billion**, and its share rises from **58.2% to 65.5%**, where it then remains, locking in a roughly **two-thirds current/one-third development** split. The ratio of current to development, therefore, worsens from about 1.4:1 in 2023-24 to 1.9:1 in 2024-25 and remains there in 2025-26, indicating that development was relatively strong only in the first year. Current spending then becomes and stays much heavier. When this is combined with the receipts side (where federal and other inflows grow faster than provincial own revenue), it becomes clear that the move from deficit to surplus in 2024-25 and 2025-26 is **not** achieved by slashing development “to the bone”; instead, development is maintained and grows modestly in nominal terms but becomes **less dominant**, while current expenditure expands and consolidates at a higher share of the budget, reinforcing a structure that favours recurrent commitments over long-term developmental transformation.

So, the move to surplus budgets in 2024-25 and 2025-26 is not the result of cutting development to the bone, development spending actually grows in rupee terms, but its share declines from about 42% to 34.5%, while current expenditure rises and settles at around two-thirds of the budget. This indicates a structural tilt towards recurrent spending, with development maintained but relatively less dominant than in 2023-24.



Table 7. Current Expenditure vs Development Expenditure

Fiscal Year	Total Budget / Outlay / Expenditure	Current / Non-Development Expenditure		Development Expenditure (PSDP etc.)	
		PKR billion	%	PKR billion	%
2023-24	750.5	437.2	58.2	313.3	41.8
2024-25	930.2	609.1	65.5	321.15	34.5
2025-26	976.5	639.3	65.5	366.6	34.5

Source: Budget White Papers: 2023-24, 2024-25, 2025-26 (Author's Compilation)

Sectoral Allocation to Social Sectors: Education and Health

Put together, the trends in education and health spending show a **real but modest** strengthening of social-sector priority rather than a radical shift in the budget's orientation. On the current side, education rises from PKR 88.5b to 126.6b and 137.5b (11.8% → 13.6% → 14.1% of total outlay), while health increases from PKR 42.8b to 57.1b and 59.7b (5.7% → 6.1% → 6.1%), so combined they move from **17.5% to 19.8% and 20.2%** of the total budget. Within non-development spending, roughly **three out of every ten rupees** are consistently devoted to education and health (about 30.0%, 30.2% and 30.8%), meaning that out of each PKR 100 spent on running the government, around Rs 30 go to teachers, schools, doctors, hospitals and related operating costs, a stable but only gently rising commitment. Yet even by 2025-26, about **80% of the total budget** still goes to other current heads (law and order, pensions, administration, subsidies, etc.) and to all development spending, leaving a limited share for social sectors in a province with very weak human development indicators. The numbers, therefore, partially support the political narrative that education and health are “top priorities” and that the budget is more “human development-focused, especially given the jump between 2023-24 and 2024-25, but they stop short of indicating a transformative reordering of fiscal priorities. In combined terms with Heading 4, you can safely say: **While the surplus budgets of 2024-25 and 2025-26 increase and slightly reweight current spending towards education and health, they do so within a framework where development's share of the budget has fallen. Social sectors still account for only about one-fifth of the total outlay, implying incremental rather than revolutionary progress on human development.**

It is not wrong to interpret the surplus budgets of 2024-25 and 2025-26 as increasing current spending on education and health and slightly raising their share in the total outlay, but this occurs in a context where the overall development share is falling. In other words, the government is funding teachers and hospitals more generously. Yet, the capital side of social services (new schools, new facilities) may not be keeping pace with these current allocations.

Table 8. Social Sector Priorities: Budgetary Allocations to Education and Health

Fiscal Year	Total Budget / Outlay (A+B)	Education – Non-development		Health – Non-development		Education + Health as % of total outlay
		PKR billion	%	PKR billion	%	
2023-24	750.5	88.5	11.8	42.8	5.7	17.5%
2024-25	930.2	126.6	13.6	57.1	6.1	19.8%
2025-26	976.5	137.5	14.1	59.7	6.1	20.2%

Source: Budget White Papers: 2023-24, 2024-25, 2025-26 (Author's Compilation)

Expenditure on Law and Order / Security

Spending on law and order across the three budgets shows significant allocations for law and order due to the security situation. The complex security situation in the province forces the provincial government to allocate a substantial allocation for law and order. Therefore, law and order have risen significantly from about **8.2% in 2023-24 to 10.0% in 2024-25 and 11.6% in 2025-26**, so out of every PKR 100 in the budget, spending on police and public order climbs from roughly PKR 8 to PKR 10 and then PKR 12, signaling an upward prioritization of security. Inside current expenditure, its weight grows even faster: law and order takes **14.1% of current spending in 2023-24, 15.3% in 2024-25 and 17.7% in 2025-26**, meaning that by the last year nearly one-fifth of all running costs (salaries, operations, etc.) are devoted to Public Order and Safety Affairs. Compared with social sectors, education still receives more current funding than law and order. Still, the gap narrows over time (from about 11.8% vs 8.2% of total outlay in 2023-24 to 14.1% vs 11.6% in 2025-26), while health remains below security in all three years (around 5.7% and 6.1% versus 8.2% and 11.6%). When this is set against the broader shift from deficit to surplus, it becomes clear that Balochistan is not only improving its headline balance but also **raising current spending, holding development at about one-third of outlay, and channeling an increasing share of current funds into law and order.**

Table 1. Expenditure on Law and Order: Fiscal Priority of Security in the Provincial Budget

Fiscal Year	Law & Order (Non-Dev) - PKR billion	Share of Total Outlay (%)	Share of Current Expenditure
2023-24	61.82	≈ 8.2	≈ 14.1
2024-25	93.12	≈ 10	≈ 15.3
2025-26	113.50	≈ 11.6	≈ 17.7



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Source: Budget White Papers: 2023-24, 2024-25, 2025-26 (Author's Compilation)

Conclusion

Taken together, the three white papers for FY 2023-24, 2024-25, and 2025-26 present a provincial budget that has clearly improved its **headline fiscal position** but remains **structurally fragile and heavily dependent** on external factors. The province moves from a **deficit of about PKR 49 billion in 2023-24 to surpluses of roughly PKR 25 billion and PKR 52 billion** in 2024-25 and 2025-26, respectively. This shift is achieved not by shrinking the size of government but by expanding the overall resource envelope faster than expenditure, so that larger budgets can be presented alongside a surplus.

However, a closer look at the **composition of receipts** shows that this fiscal improvement is built on a narrow base. Across all three years, **federal transfers** consistently account for around three-quarters of total receipts, and their share increases over time. Provincial own receipts, although numerically significant, are dominated in the first two years by **PPL lease extension bonuses**, and then become almost flat in 2025-26 even as the total budget continues to grow. As a result, the **provincial share in total receipts falls from around 16% to nearly 12%**, indicating that the surplus is driven more by higher federal and capital flows, and rising cash balances, than by a genuinely stronger provincial revenue effort.

On the **expenditure side**, the structure of spending also reveals essential trade-offs. While both current and development expenditures rise in rupee terms, the **share of development expenditure in total outlay drops from about 42% in 2023-24 to 34.5% in 2024-25 and remains at that lower level in 2025-26**. Current expenditure grows and stabilises at roughly **two-thirds of the budget**, indicating an apparent tilt towards recurrent commitments such as salaries, pensions, administration, and law and order. Development is not cut, but it becomes **relatively less dominant**, which is a critical issue in a province that still requires heavy investment in basic infrastructure and services due to distance, sparse settlement, and low baseline indicators.

Within current expenditure, **social sectors do gain some ground**, but not enough to transform the overall picture. Non-development allocations for **education and health** increase over the three years, and their combined share in the total budget rises modestly to just above **20%**. This supports the government's claim to give some priority to human development. Yet, it also shows that four-fifths of the budget is still absorbed by other functions and development across **all sectors**, limiting the potential impact on long-term social outcomes. At the same time, **spending on law and order** grows much faster than the overall budget, with its share of total outlay climbing from about **8% to nearly 12%**, and its share of current expenditure approaching **18%** by 2025-26. Security thus emerges as one of the main winners of the surplus years, creating a visible "guns versus butter" tension with social and developmental needs.

In a nutshell, the transition from a deficit budget in 2023-24 to surplus budgets in 2024-25 and 2025-26 reflects a **real improvement in fiscal balance**. Still, it rests on **federally driven receipts, one-off or non-recurring provincial revenues, and a spending pattern that favours current and security-related expenditure over development and social transformation**. The budgets signal progress in controlling the headline deficit. Yet, they do not fully resolve the underlying challenges of **fiscal dependence, narrow own-source revenue, and the need to reorient expenditure towards sustained, inclusive development**.

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